




Memorandum

TO: MAYOR & CITY COUNCIL

FROM: GREGORY J. ORAVEC, CITY MANAGER 

DATE: FEBRUARY 6, 2013

SUBJECT: RIVERLAND/KENNEDY AND WILSON GROVES APPLICATIONS

Over the course of the last two years and especially over the past eight months as I have become personally involved, the City has invested a substantial amount of time, money and effort in working with the representatives of Southern Grove (SG), Riverland Kennedy (RK) and Wilson Groves (WG) to modify their respective development orders. Unfortunately, despite leaving a negotiating session with terms in hand, terms which seemed to be beneficial to all parties, on January 29, 2013, RK withdrew from the multi-party negotiations. Since then, RK has requested to proceed with a past iteration with a new Becker Road twist that neither the staff nor I support, especially given the additional information and concepts which came to light as part of months of negotiations, and WG is attempting to move forward with the terms developed as part of the multi-party negotiations before RK's withdrawal.

Though this situation is multi-faceted and there are many competing arguments which can make its consideration very difficult, I believe these matters can be boiled down to the following essence:

- SG, RK and WG, but especially RK and WG, are competitors who are now bound together in the City of Port St. Lucie due to geography and, more importantly, the Southwest Annexation Agreement.
- There is a lot of history between the competitors, RK and WG, in Palm Beach County, which makes negotiating between the parties difficult.
- Though the "Super-DRI" contemplated by the Annexation Agreement never materialized, the Annexation Agreement, itself, married the developers together in a similar fashion.
- The economics of today are far different from the boom. The developers' desire to divorce themselves is natural due to those economics and competitive forces.
- A divorce between parties should not be carried out in piecemeal fashion. In hindsight, it would have been better for the approval of WG's first modified development order to be part of a comprehensive divorce which set the terms of all the parties who were previously married, both in their development orders and in the corresponding terms of the Annexation Agreement.
- We cannot go back in time; but, fortunately, WG and SG want additional modifications to the development orders. Consequently, the City does have the ability to facilitate the comprehensive settlement of this matter. Ultimately, this negates RK's fairness argument.
- At its heart, the fight with the development orders is based upon roadway construction. Everyone wants the most cost effective access possible. No one wants to have the trip capacity they construct (roads) used up by a third party, especially a competitor. Due to geography, WG is potentially at a disadvantage because of the number of miles it will have to build for access compared to RK, which benefits from proximity to SG. However, this is why you saw SG participate in previous conversations on RK's development order. SG does not want its capacity used up.
- The Becker Road provisions of the Annexation Agreement and the Annexation Agreement, itself, were the developers' insurance policy for access and other important aspects of development if anything went

wrong. Something did go very wrong—the economy. As a result, it is very important to consider any modifications to the development orders in concert with the Annexation Agreement.

- While the market is improving and I expect the build out of the Southwest Annexation Area to create vibrant thriving communities in the Southwest region of the City, construction in RK and WG is still a couple of years away, and build out is a few decades away. As a result, I do not believe you should feel rushed into making any decisions on the respective development order applications.

Based upon the above and the number of times the subject items have been modified and tabled, I would recommend that the City Council deny RK and WG's applications to modify their respective development orders and direct staff to delay the pursuit of any additional negotiating with the parties for a minimum of 30 days. It is my hope that with some time and a push from the City Council, the parties would return to the negotiating table refocused and ready to strike an accord. Moreover, I suspect that the parties' willingness to agree would increase as their dates to initiate construction firm up and get closer. In any event, the staff and I look forward to executing your decisions on these matters.

For additional information, you may wish to refer to the previous correspondence from staff or to request an update from staff. Please let us know.

Thank you.

- c: Roger G. Orr, City Attorney
Jeff Bremer, Assistant City Manager
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Southwest Annexation Area Developers